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## **GUIDELINES ON SOLICITATION AND ACCEPTANCE OF CHARITABLE & PHILANTHROPIC GIFTS**

1. The seeking of charitable and philanthropic funds from individuals, corporations and foundations, etc. will be accomplished with dignified, ethical, business and recognized fund development practices. Appeals to entities having a current or potential commercial relationship with The Arts Alliance will be conducted in the spirit of philanthropy with no suggestion of withdrawing current or promising a future business relationship.
2. The Arts Alliance's staff, volunteers and persons employed or contractually retained by The Arts Alliance shall refrain from all undue pressure when seeking gifts from potential donors. The responsibility of every The Arts Alliance representative is to create conditions of opportunity, not obligation, in assisting the donor to fulfill their philanthropic purposes.
3. All information relating to current and prospective donors including amount of gift, size of estate, beneficiaries, next-of-kin or family relationships will be kept in strict confidence. No information will be publicly released unless written or verbal permission is obtained from the donor.
4. Publicity regarding life estates, trusts and bequests will not be released without the written consent of the donor during their lifetime.
5. Prospective donors, particularly those wishing to make a substantial gift, shall be advised to seek the counsel of their attorney and or financial consultant on matters relating to estate planning and tax liability. The Arts Alliance shall also seek the counsel of its attorney - if needed - before executing certain kinds of documents with donors.
6. Gifts of instruments creating endowments should, when possible, include a contingency savings clause redirecting the gift within The Arts Alliance in the event that the stated gift purpose becomes obsolete or contrary to law.

### **GENERAL GUIDELINES REGARDING ACCEPTANCE OF GIFTS**

1. Charitable gifts will be accepted for unrestricted and restricted use. Restricted funds will be established according to the need as defined by the board of directors and/or the president/CEO.
2. The Arts Alliance will carefully consider whether to accept the following gifts:
  - a. Planned gifts which are funded with any asset other than cash, cash equivalents and publicly traded securities.
  - b. Life insurance policies with outstanding or continuing premium payment or loan obligations (including, without limitation, split dollar life insurance policies).
  - c. Gifts of tangible personal property that cannot either be immediately used by The Arts Alliance or be readily liquidated at reasonable cost.
3. The following gifts will not be accepted:
  - a. Gifts which do not meet the guidelines provided by legal counsel or which could jeopardize The Arts Alliance's tax-exempt status.
  - b. Gifts where the cost to accept, administer, manage or dispose of them does or could exceed the current or future value of the gift.
  - c. Gifts that have the potential to expose The Arts Alliance to any liability (whether criminal or civil), or would violate any law, rule or regulation of any governmental or quasi-governmental authority.

- d. Gifts whose acceptance would reflect poorly on The Arts Alliance, or raise legal, ethical, policy or practical concerns for The Arts Alliance.

**GUIDELINES ON GIFTS OF CASH**

1. Gifts in the form of checks or cash, intended for The Arts Alliance should be sent to The Arts Alliance’s office on the day they are received.
2. All gifts of checks or cash receipts received will be deposited in a financial institution as soon as possible and no later than the first day of business day after their receipt.
3. Procedures for Handling Cash and Checks - refer to Appendix C - CASH, CHECK, CREDIT CARD RECEIPT PROCESSING
4. In instances where the specific use is unclear or inappropriate, the available details about the gift should be brought to the immediate attention of The Arts Alliance’s president/CEO or CEO.
5. Upon receipt of any cash gift of \$10,000 or more IRS Form 8300 will be completed by The Arts Alliance’s president/CEO (or the assigned staff) and forwarded to the Internal Revenue Service.
6. The Arts Alliance will provide all donors a gift acknowledgment letter including "quid pro quo contributions". A quid pro quo contribution is payment made partly as a contribution and partly for goods or services provided to the donor by The Arts Alliance. An example of a quid pro quo contribution occurs when a donor gives The Arts Alliance \$100.00 for a concert ticket valued at \$40.00. In this example, \$60.00 would be deductible.
  - a. The written gift acknowledgement statement must:
    - i) Inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any property other than money) contributed by the donor over the value of goods or services provided by The Arts Alliance and,
    - ii) Provide the donor with a good-faith estimate of the value of the goods or service that the donor received.
    - iii) Include The Arts Alliance’s Tax/Employer Identification Number (TIN/EIN): 23-7099789

**GUIDELINES ON GIFTS OF SECURITIES**

1. Gifts of readily marketable securities will be accepted by The Arts Alliance.
  - a. Donated securities should be sent by certified or registered mail, or hand delivered. A stock power of attorney form, signed by the donor and naming The Arts Alliance as transferee, should be sent in a separate envelope, again using certified or registered mail.
  - b. Donors may instruct their broker or agent to transfer securities to The Arts Alliance as gifts. The donors should instruct their broker to "immediately notify The Arts Alliance of the gift and to request instructions for correct handling of the securities. Securities and certificates do not need to be issued in the name of The Arts Alliance. Only signed stock “power of attorney” are required by The Arts Alliance to effect title transfer.

- c. The Arts Alliance’s Broker of Record (as of 2.21.20 The Arts Alliance has no Broker of Record)

Company Name \_\_\_\_\_

Contact Name \_\_\_\_\_ Title \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

\_\_\_\_\_ ST \_\_\_\_\_ Zip \_\_\_\_\_

Contact phone \_\_\_\_\_ Contact email \_\_\_\_\_

Depository Trust Company (DTC) number(s) \_\_\_\_\_

- d. The Arts Alliance will maintain a copy of all contents and the instructions of security gifts transmitted, including the envelope in the donor's file. The postmark on the envelope determines the date for computing the value of the gift for the donor's charitable deduction.
  - e. Upon receipt of marketable securities the following dispositions may occur by recommendation of the The Arts Alliance board or president/CEO.
    - i) As a general policy, the securities will be sold immediately upon receipt through a broker selected by The Arts Alliance. If restricted by the donor, the cash realized will be applied to the appropriate fund in accordance with their wishes. If there is no donor restriction, it will be placed in the unrestricted fund.
    - ii) In selected instances, with The Arts Alliance board or president/CEO's approval, the securities may be retained by The Arts Alliance for their dividend in paragraph 1, above. If determined to be advantageous, the dividends realized may be applied to a Dividend Reinvestment Plan to purchase additional stock. When sold, the cash received will be applied as in paragraph 1, above.
  - f. The Arts Alliance's business manager, upon direction of the board or president/CEO:
    - i) may authorize the sale of any security in whole or in part to fund approved projects or programs. The proceeds of sale shall be applied, as in paragraph 1, above.
2. Gifts of securities that will not be accepted.
- a. Securities which, in the opinion of The Arts Alliance's board or president/CEO, have no apparent value, or whose value is non-assessible, (excepting the exercise price on warrants for publicly traded securities) or in any way could create a liability for The Arts Alliance.
  - b. Non-publicly traded stocks which have not been appraised by a qualified, independent appraiser, or approved by The Arts Alliance's board or president/CEO for gifting.
2. Valuation and Gift Acknowledgement - donor recognition of gifts of stocks, bonds, debentures, etc., regularly traded on an exchange will be valued at the mean between the high and low prices at which the security was traded on the date of acceptance. If there were no sales on that date, the value shall be determined by taking the weighted average of the means between the highest and lowest sales on the nearest dates before and after the date of acceptance.

#### **GUIDELINES ON GIFTS OF REAL PROPERTY**

1. Procedure For Initial Processing of Potential Gifts
  - a. The Arts Alliance's president/CEO will have overall responsibility for handling inquiries, negotiating with donors, assembling the documentation, presenting the gift for acceptance to the The Arts Alliance president/CEO and/or board and marketing real property gifts. All inquiries regarding real property will be referred to or coordinated with The Arts Alliance's president/CEO.
2. Authority to Negotiate - The Arts Alliance's president/CEO will have the authority to negotiate with donors, retain appraisers, surveyors, Realtors and other technical consultants and to execute agreements subject to The Arts Alliance approval. Assuming such activities follow approved procedures and assuming such agreements follow the form approved by The Arts Alliance's legal counsel, this authority to act will not require review or further approval.
3. Board of Directors's Responsibility - In all instances of gifts of real property, the board of directors has final determination of accepting or rejecting the gift.
4. Evaluation of Potential Gifts
  - a. Property and report form: Upon initial inquiry, potential donors will be asked to complete a property inquiry form and return it to The Arts Alliance's president/CEO with appropriate maps and documentation.

- b. Liens and encumbrances: Property which is subject to liens, unpaid mortgages, deeds of trust, judgment liens, unpaid taxes or assessments, mechanics' liens or other encumbrances will be evaluated as "bargain sales". (A bargain sale is an arrangement whereby a donor offers property to The Arts Alliance at a price significantly below its market value.)
  - c. Properties subject to encumbrances will be considered for acceptance only if evaluation convincingly demonstrates that the property can be sold at a price which exceeds the aggregate amount of the encumbrances and any costs associated with satisfying them.
5. Field evaluation: If initial information indicates that an offer is serious and if the property seems potentially profitable, a member of The Arts Alliance staff or an authorized representative will visit the property. A representative may be a local realtor as The Arts Alliance's president/CEO may deem appropriate.
  - a. The purpose of the visit will be:
    - b. To identify any potential problems not evident from initially supplied information.
    - c. To identify any environmental conditions that would argue against The Arts Alliance sale of property.
    - d. To identify any potential environmental problems (such as the presence of toxic chemicals or other pollution). The EPA Checklist will serve as the basis for this analysis. If any indications of possible pollution exist, The Arts Alliance's president/CEO will decide either to forego the gift or to retain consultants to undertake more detailed analysis.
6. Market evaluation: Whenever practicable, arrangements will be made to have a realtor analyze the property to evaluate the existence of a market for such property. The Arts Alliance's president/CEO may, at their opinion, request that the donor provide such an evaluation from a realtor acceptable to The Arts Alliance's president/CEO.
7. Expense budget: The Arts Alliance's president/CEO (or the assigned staff) will prepare a budget outlining all the projected expenses associated with the acceptance of all proposed real property. The budget will include consideration of the factors set forth.
8. Authority to Accept Real Property: Upon completion of the evaluation, The Arts Alliance's president/CEO will present the proposed gift to the board of directors. The board of directors will have the final authority to accept or refuse a real property gift.
9. Authority to Refuse Gifts of Real Property: The board of directors may refuse any offered real property, that is judged not to be in the best interests of The Arts Alliance.

#### **10. Procedure for Accepting Real Property**

- a. Prior to agreeing to accept the gift of any real property The Arts Alliance will obtain title certification. Prior to acceptance, The Arts Alliance's president/CEO shall consider the need for title insurance and require such insurance in appropriate cases. When deemed appropriate, The Arts Alliance may purchase title insurance with approval of the The Arts Alliance's president/CEO.
- b. Prior to, or upon transfer of title to The Arts Alliance, the donor and The Arts Alliance will sign an agreement (approved by legal counsel) stating the terms of the gift, which shall specify that there are no restrictions of The Arts Alliance's right to use or convey the property.
- c. Prior to, or upon transfer of the property to The Arts Alliance, The Arts Alliance will purchase sufficient insurance to protect the The Arts Alliance from losses due to physical damage or liability claims that might arise.
- d. The Arts Alliance will have an appraisal prepared by a professional real estate appraiser (appraisers should be certified by Member Appraisal Institute) for the purpose of determining the market value of the property. When deemed appropriate, The Arts Alliance may accept a statement by a realtor in lieu of a formal appraisal.

- e. The Arts Alliance may request physical and environmental inspections be conducted and a survey of the property be completed if necessary.
- f. Responsibility of the Donor
  - i) The donor will be responsible for complying with all applicable legal requirements.
  - ii) The donor will be responsible for obtaining his/her own appraisal for the purpose of establishing the value of the gift for federal income tax purposes.
  - iii) Donors will be encouraged to discuss contemplated bequest of real property before finalizing their Wills. Property that is bequeathed to the The Arts Alliance will be evaluated like other real property gifts.
  - iv) The donor will provide a statement certifying that to the donor's knowledge no hazardous waste or materials have been used or stored on the property.
  - v) The donor is responsible for providing to The Arts Alliance form 8283, together with evidence of filing such form with the IRS.
- g. What The Arts Alliance Will Not Do
  - i) Except in extraordinary circumstances, The Arts Alliance will not pay for legal assistance, appraisals or other services on behalf of the donor. In the event that The Arts Alliance does contemplate making such payments in connection with a proposed conveyance, the property may be evaluated as though it were subject to liens and encumbrances (Paragraph IV. B.).
  - ii) The Arts Alliance will not establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction.
- h. Marketing Real Property
  - i) After accepting real property, arrangements will be made to sell the property through a qualified real estate professional.
  - ii) Local zoning ordinances, land-use plans and community attitudes will be considered in marketing real property.
  - iii) While it is anticipated that in most circumstances the sale price will equal or exceed the appraised value of the property, the terms of the sale will take into account current market conditions, availability of financing and other factors.
  - iv) Any offer that is below 70 percent of the appraised value must be approved by the board of directors.
  - v) Any financing offered by The Arts Alliance to a purchaser shall be approved by the board of directors. Such terms must be secured by a mortgage or deed of trust on the property. The priority of such mortgage with respect to other liens or encumbrances will be within the discretion of the board of directors, provided that, if such mortgage does not have first priority, then the total value of all liens or encumbrances shall not exceed 50 percent of the actual sale price (including the lien of The Arts Alliance).
- i. Internal Procedures
  - i) All files pertaining to real property will be maintained by The Arts Alliance's president/CEO (or the assigned staff).
  - ii) Deeds to real estate properties will be stored in The Arts Alliance finance files and duplicate copies will be maintained by The Arts Alliance.

## **GUIDELINES ON GIFTS OF PERSONAL PROPERTY**

### **1. Gifts of Works of Art and Other Collectibles**

- a. Art and other collectibles purchased and self-created, will be accepted with the following conditions:
  - No commitment will be made to keep the art or other collectibles if not suitable for The Arts Alliance display.
  - The Arts Alliance retains the right to sell the gift.
  - If a work of art or other collectibles have appreciated since being acquired by the donor, the donor will be informed that the gift may not be related to The Arts Alliance's "charitable purpose" and that the same tax deduction may be less than if given to an art museum.
  - It is the donor's responsibility to secure, arrange or pay for appraisals to establish their charitable income tax deduction.
  - Unless an independent appraisal is provided, the gift will be carried on The Arts Alliance's financial records at \$1.00.
  - Recognition of the gift will be the same as for others with no special or individual plaques displayed on the work itself unless otherwise authorized by The Arts Alliance.
  - Enter the gift into the log of non-cash contributions file.

## **2. Gifts of Automobiles and Other Vehicles**

- a. Automobiles and other types of vehicles with a minimum retail book value of \$2,500 will be acceptable by The Arts Alliance only if they are in working order and easily salable.
- b. The Arts Alliance retains the right to sell the gift.
- c. The asset value of vehicles will be determined by the retail "blue book" price.
- d. The Arts Alliance will sell the vehicles to a wholesale dealer in an "as is" condition with the condition on the sale that The Arts Alliance is to be held harmless for all representation or condition.
- e. The Arts Alliance will advise the potential donor of the following IRS requirements:
  - i) The donor must complete IRS Form 8283 if the total claimed value exceeds \$500. (Copy of Form 8283 found in this manual.)
  - ii) The donor must have a written appraisal by a qualified appraiser on all gifts in excess of \$5,000.
    - (1) A qualified appraiser cannot be the donor, an The Arts Alliance's president/CEO, an The Arts Alliance director or persons employed by or related to the donor or The Arts Alliance.
    - (2) The qualified appraiser will be required to certify Form 8283 for the donor.
    - (3) The appraiser agrees that his fee was not based upon a percent of the appraised value.
- f. The Arts Alliance's president/CEO (or the assigned staff) will complete Section B, Part I (Form 8283) (Donee Acknowledgment) if properly completed by the donor.
- g. The Arts Alliance is required to complete IRS Form 8282 (Donee Information Return) and send a copy to the donor and the IRS under the following conditions:
- h. The Arts Alliance sells, transfers or disposes of the property within two years after the date of the receipt of the contribution if the original value declared exceeded \$500.
- i. Enter the gift into the log on non-cash gifts contributions file.

## **3. Gifts of Watercraft and Marine Items**

- a. Watercraft and other marine items will be acceptable by The Arts Alliance only if they are in working order and easily salable. Prior to acceptance, The Arts Alliance or its assignee will make a physical inspection.

- b. The Arts Alliance retains the right to sell the gift.
- c. The asset value of the watercraft will be determined by the retail price in the
- d. "Official Marine Guide" and/or any other recognized marine appraisal guide. However, if the value of the gift is more than \$5,000, it is the donor's responsibility to secure, arrange or pay for appraisals to establish their charitable income tax deduction. The appraisal must be made by a competent appraiser.
- e. The Arts Alliance will assume the cost of maintenance, insurance mooring and storage from the date of acceptance forward.
- f. The Arts Alliance will insure the watercraft for its appraised value upon receipt of proof of ownership.
- g. The Arts Alliance may use this appraisal to determine a reasonable asset value for The Arts Alliance books and a suggested retail sales price. The Arts Alliance may request a second independent appraisal or may require its own appraisal prior to establishing gift value.
- h. The Arts Alliance will obtain three bids from watercraft and marine dealers for the item.
- i. The Arts Alliance will sell all watercraft to the highest bidder in an "as is" condition, with the condition of the sale that The Arts Alliance is to be held harmless for all representations or condition.
- j. The Arts Alliance will advise the potential donor of the following IRS requirements:
  - i) The donor must complete IRS Form 8283 if the total claimed value exceeds \$500. (Copy of Form 8283 is found in this manual.)
  - ii) The donor must have a written appraisal by a qualified appraiser on all gifts in excess of \$5,000.
    - (1) A qualified appraiser cannot be the donor, The Arts Alliance's president/CEO, an The Arts Alliance board member or person employed by or related to the donor or The Arts Alliance.
    - (2) The qualified appraiser will be required to certify Form 8283 for the donor.
  - iii) The Arts Alliance's president/CEO (or the assigned staff) will complete section B, Part I (Form 8283) (Donee Acknowledgment) if properly completed by the donor.
  - iv) The Arts Alliance is required to complete IRS Form 8282 (Donee Information Return) and send a copy to the donor and the IRS under the following conditions:
    - (1) The Arts Alliance sells, transfers or disposes of the property within two years after the date of the receipt of the contribution if the original value declared exceeded \$500.
    - (2) Enter the gift into the log of non-cash contributions file.

#### **4. Gifts of Aircraft**

- a. Aircraft will be accepted under the following conditions:
  - i) The owner has an airworthy certificate for the aircraft from the Federal Aviation Authority (F.A.A.) and there are no outstanding liens on the aircraft.
  - ii) The owner will furnish the last annual inspection report and log books for the airframe and engine.
  - iii) The owner will furnish The Arts Alliance an affidavit that he/she is the rightful owner of the aircraft and the log books are correct.
- b. The Arts Alliance will verify with the F.A.A. that the aircraft is free of liens prior to acceptance.
- c. The Arts Alliance will assume the cost of maintenance, storage and insurance from the date of acceptance forward.

- d. It is the donor's responsibility to secure, arrange or pay for appraisals to establish their charitable income tax deduction. The appraisal must be made by a competent and recognized appraiser.
- e. The Arts Alliance may use this appraisal to determine a reasonable asset value for The Arts Alliance's books and a suggested retail sales price. The Arts Alliance may request a second independent appraisal or may require its own appraisal prior to establishing gift value.
- f. The Arts Alliance will advise the potential donor of the following IRS requirements:
  - i) The donor must complete IRS Form 8283 if the total claimed value exceeds \$500.
  - ii) The donor must have a written appraisal by a qualified appraiser on all gifts in excess of \$5,000.
    - (1) A qualified appraiser cannot be the donor, The Arts Alliance's president/CEO, an The Arts Alliance board member or person employed by or related to the donor or The Arts Alliance.
    - (2) The qualified appraiser will be required to certify Form 8283 for the donor.
    - (3) The appraiser agrees that his fee was not based upon a percent of the appraised value.
- g. The Arts Alliance's president/CEO (or the assigned staff) will complete Section B, Part I (Form 8283) Donor Acknowledgment if properly completed by the donor.
- h. The Arts Alliance is required to complete IRS Form 8282 (Donee Information Return) and send a copy to the donor and the IRS under the following conditions:
  - (1) The Arts Alliance sells, transfers or disposes of the property within two years after the date of the receipt of the contribution if the original value declared exceeded \$500.
- i. Enter the gift into the log of non-cash contributions file.

## **5. Gifts of Furniture and Other Miscellaneous Personal Property**

- a. General provisions of accepting any gift rests with the The Arts Alliance's president/CEO (or the assigned staff) under the following conditions:
  - i) They are easily salable.
  - ii) They are useful to The Arts Alliance.
  - iii) The Arts Alliance will retain the right to sell the item.
- b. Other considerations before deciding to accept or reject gifts of personal property will be:
  - i) Cost of selling.
  - ii) Storage cost.
  - iii) Transportation cost.
  - iv) Maintenance and repair
  - v) Location of property.
- c. A valid independent appraisal will be provided by the donor to:
  - i) Determine the donor's charitable income tax deduction.
  - ii) Establish an asking price for resale.
  - iii) Establish the value for carrying the assets on the The Arts Alliance's records.
- d. The Arts Alliance will advise the potential donor of the following IRS requirements:
  - i) The donor must complete IRS Form 8283 if the total claimed value exceeds \$500.
  - ii) The donor must have a written appraisal by a qualified appraiser on all gifts in excess of \$5,000.



- (1) A qualified appraiser cannot be the donor, The Arts Alliance's president/CEO, an The Arts Alliance board member or person employed by or related to the donor or The Arts Alliance.
  - (2) The qualified appraiser will be required to certify Form 8283 for the donor.
  - (3) The appraiser agrees that his fee was not based upon a percent of the appraised value.
- e. The Arts Alliance's president/CEO (or the assigned staff) will complete Section B, Part I (Form 8283) Donee Acknowledgment if properly completed by the donor.
  - f. The Arts Alliance is required to complete IRS Form 8282 (Donee Information Return) and send a copy to the donor and the IRS under the following conditions:
    - (1) The Arts Alliance sells, transfers or disposes of the property within two years after the date of the receipt of the contribution if the original value declared exceeded \$500.
  - g. Enter the gift into the log of non-cash contributions file.